



Press Release

Paris, 26th of October 2023

Group prospects update

Downturn in orders from US streaming platforms in the Kids segment.

Anticipation of lower sales in 2024 and suspension of the *Ambition 2026* plan's target

Xilam Animation, Academy Award®-nominated French animation studio, releases an update on its outlook in a market context where platforms are reducing their orders, especially in the children's program market.

US streaming platforms cut back on orders for the Kids segment

With their business models under pressure, American streaming platforms are significantly reducing their investment in the Kids animation segment. Today, they favor fewer investments, focusing on American brands with worldwide recognition.

Expected decline in 2024 sales and suspension of *Ambition 2026* plan target

With this economic trend affecting one of Xilam's growth drivers, the Group now anticipates a significant drop in sales for 2024. The Group's target of achieving total operating income of €80 million by 2026 has therefore been suspended.

However, this event will have no impact on our expected performance for 2023, nor on our catalog business, which remains very dynamic.

Bolstered by its agility, the Group will continue to deploy its other key growth drivers.

Rapid implementation of a cost-cutting plan

Given this new context for one of its growth drivers, the Group is implementing a cost-cutting plan to maintain positive profitability in 2024, while maintaining its creative and production capacities to pursue its development.

Low level of debt

The Group has reduced its debt thanks to the repayment of its €15 million EuroPP loan, which matured in July 2023. To date, debt is mainly self-liquidating, and therefore backed by current production. The Group also has sufficient cash resources to support its ambitions for other growth drivers.

Marc du Pontavice, Chairman and CEO of Xilam, comments: *"The depth of the animation market today is such that Xilam remains very well placed to take advantage of the many opportunities it offers. With our extensive catalog, creative talent and worldwide reputation, Xilam is determined to continue moving forward."*



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About Xilam

As a major player in the animation industry, Xilam is an integrated studio founded in 1999 that creates, produces and distributes original programmes in more than 190 countries for children and adults, broadcast on television, and on SVoD (Netflix, Disney+, Amazon) and AVoD (YouTube, Facebook) platforms. With a global reputation for creativity and innovation, coupled with cutting-edge editorial and commercial expertise, the company has cemented its position as a key player in a fast-growing market. Every year, Xilam builds on soaring successes and capitalises on flagship franchises (Oggy and the Cockroaches, Zig & Sharko, Chicky) as well as new brands (Oggy Oggy, Mr. Magoo, Karate Sheep), which are strengthening and expanding a substantial catalogue of more than 2,800 episodes and three feature films, including the Oscar-nominated *I Lost My Body*. Xilam has unique CGI skills and employs more than 600 people, including 400 artists, across its studios in Paris, Lyon and Angoulême in France and Ho Chi Minh City in Vietnam. Xilam was ranked France's leading animation studio for the 2018-2022 period in a report by the French national centre for cinema and animation (CNC).

Xilam is listed on Euronext Paris Compartment B - PEA - SRD long Eligibility.

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